Department of Defense Business Management Modernization

American Society of Military Comptrollers

Professional Development Institute 2003

Impact of the BMMP and BEA on DoD's Acquisition Domain

Mark E. Krzysko

Imagine If...

...we could more readily

...identify chemical warfare experts through an integrated employee information profile

...issue supplies in a timely manner with reduced paperwork

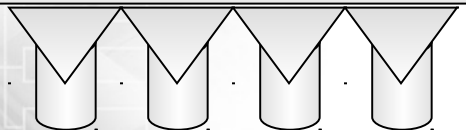...know what munitions are available in any given place at any given time

...purchase land and build a youth center to support a military family housing community in less time
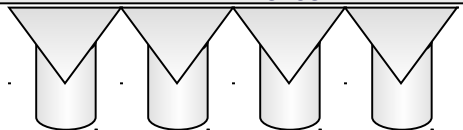
The Need for Change is Clear

- **Services and Agencies have Individual Processes and Over 2000 Supporting Systems that Focus Primarily on their Own Operations**
- **Results are:**
  - **Costly, Redundant and Inefficient Management of DoD Resources**
  - **Accurate, Reliable, Timely, and Informed Management Decision-making Not Supported DoD-Wide**
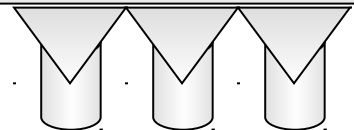

Combatant Commanders

USCENTCOM   USEUCOM   USPACOM   USACOM

Services

Army   Navy   Air Force   Marines

Agencies

DLA   NIMA   DISA

Top Leadership is Critical to Success

"We simply have to transform this place. It is every bit as important to the success of the global war on terrorism as the other things we're doing."

-Secretary of Defense Donald Rumsfeld

"It's a key element in the secretary's efforts to transform this department.... transformation has been viewed as new weapons systems or communications, or even culture.... but there's another one, too, and that's transforming the way we do business in this place."

-Under Secretary of Defense (Comptroller) Dov Zakheim

DoD has Established the Business Management Modernization Program to Realize the Vision

- **This Program Is Chartered To:**
  - **Transform and Modernize Business Processes Across DoD**
  - **Standardize and Integrate Processes Enabled by Technology and Systems**
  - **Capitalize on DoD Strengths and Infuse Leading Practices into DoD Operations**

- ***What the Program is <u>Not:</u>***
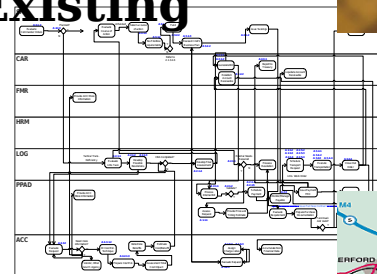 - **A Finance and Accountin**
  - **A "Systems" Effort**

SECDEF TOP 10 INITIATIVES

#1   Pursue Global War on Terrorism
#2   Strengthen Joint Warfighting Capabilities
.
.
#8   Homeland Security
#9   Streamline DoD Processes
        -Shorten PPBS and acquisition cycle time
        -Financial Management Reform
        -Shorten all DoD processes by 50%
#10   ....

DoD Approach

- **The Vision is Realized through the Development of an *Enterprise Architecture*, a List of Business, Technical and Systems Requirements that Create a "Blueprint" for Building and Connecting New and Existing Processes and Systems**
- **End-to-End *Business Scenarios* have been Designed to Provide Functional Business Process Validation**
- **A *Transition Plan* Lays Out the Key High Level Tasks Which Must be Accomplished to Implement the Architecture**
- **Activities, Business Rules and Requirements in the Architecture have been Grouped by Business Area, or *Domain***
- **Domain Leaders Will Lead the *Transformation* and Coordinate the Implementation of Changes Consistent with the Architecture in Partnership with BMSI and in Accordance with the Established Governance Model**
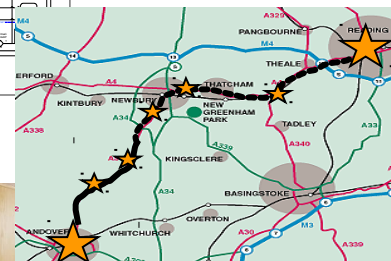
The Seven Domains
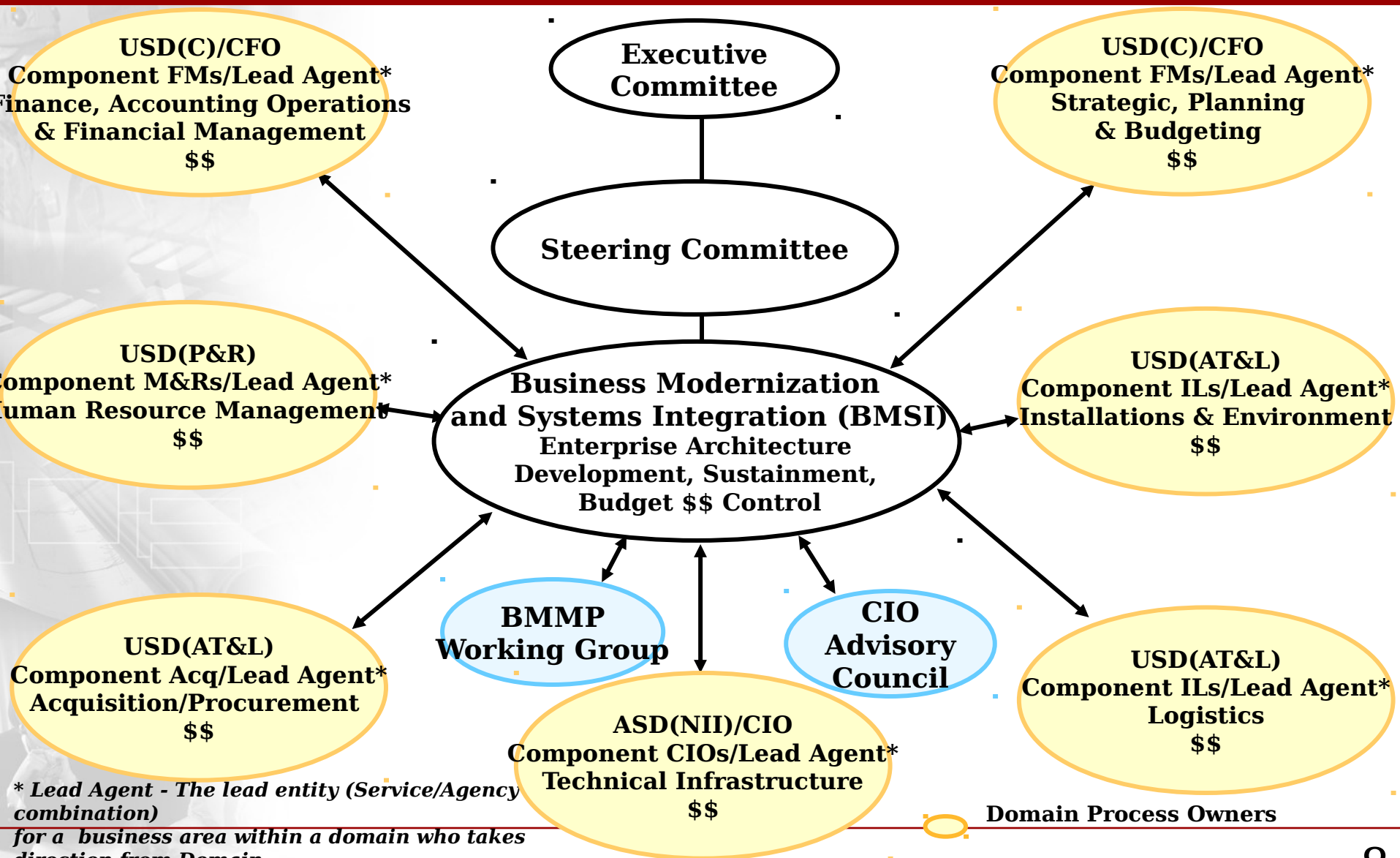
- **Logistics**

- **Acquisition/Procurement**

- **Installations and Environment**

- **Human Resources Management**

- **Finance, Accounting Operations and Financial Management**

- **Strategic Planning and Budgeting**

- **Technical Infrastructure**
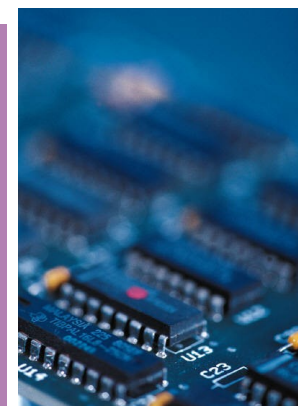
Leadership in DoD's business areas, or Domains, will be responsible for coordinating and managing the transformation throughout DoD

7

Executive Committee

Steering Committee

Business Modernization and Systems Integration (BMSI)
Enterprise Architecture Development, Sustainment, Budget $$ Control

USD(C)/CFO
Component FMs/Lead Agent*
Finance, Accounting Operations & Financial Management
$$

USD(C)/CFO
Component FMs/Lead Agent*
Strategic, Planning & Budgeting
$$

USD(P&R)
Component M&Rs/Lead Agent*
Human Resource Management
$$

USD(AT&L)
Component ILs/Lead Agent*
Installations & Environment
$$

USD(AT&L)
Component Acq/Lead Agent*
Acquisition/Procurement
$$

BMMP Working Group

CIO Advisory Council

ASD(NII)/CIO
Component CIOs/Lead Agent*
Technical Infrastructure
$$

USD(AT&L)
Component ILs/Lead Agent*
Logistics
$$

Domain Process Owners

* Lead Agent - The lead entity (Service/Agency combination)
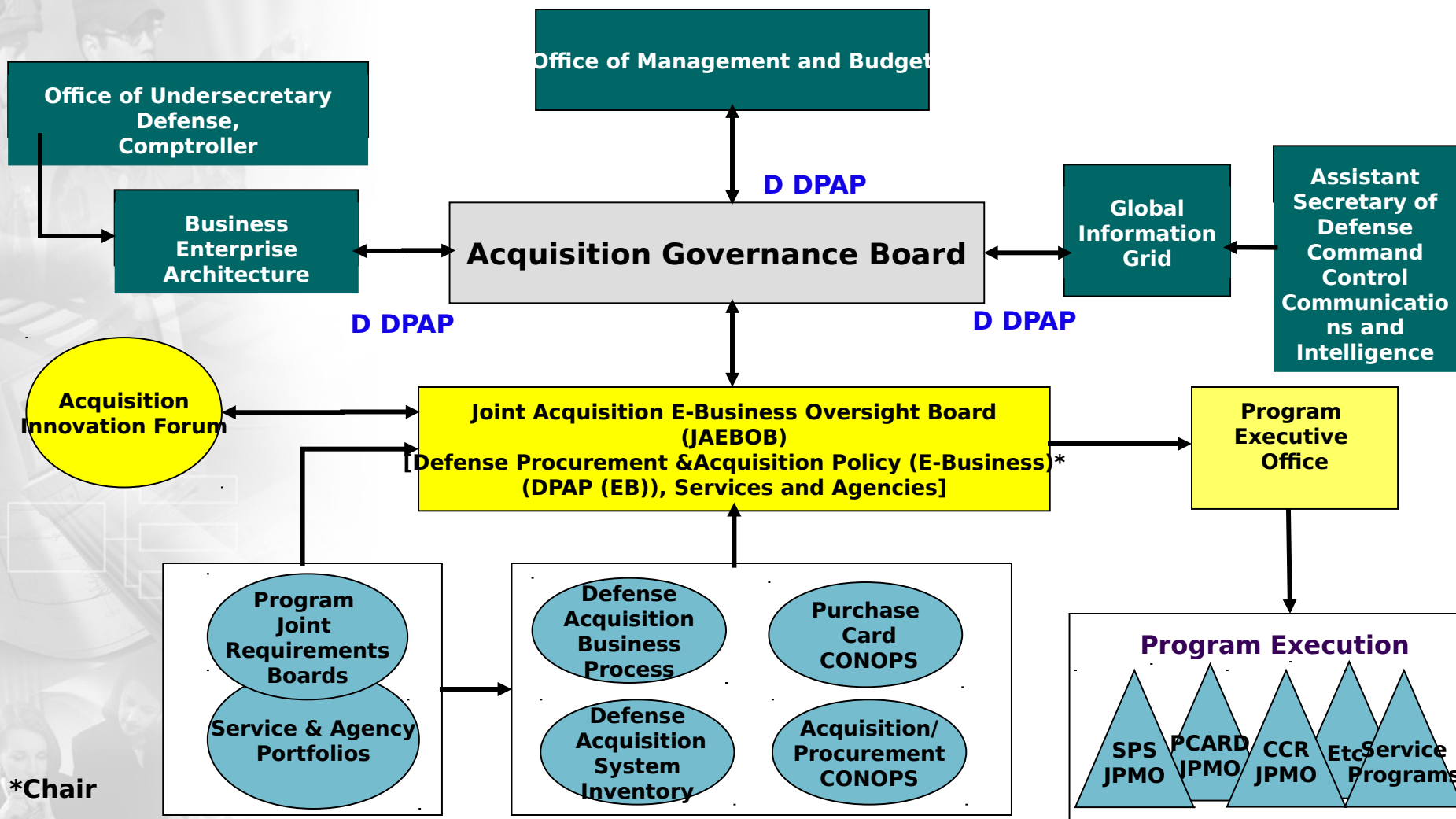*for a business area within a domain who takes direction from Domain*

8

"Supporting a Modernized Acquisition Environment"

- **Governance Structure for Acquisition Domain**
- **Acquisition Domain Roles and Responsibilities**
- **Leadership Objectives**
- **Leading Practices**
- **New Business Arrangements**
- **Benefits**
- **Next Steps**

Governance Structure for Acquisition Domain

Office of Management and Budget

Office of Undersecretary Defense, Comptroller

D DPAP

Business Enterprise Architecture

Global Information Grid

Assistant Secretary of Defense Command Control Communications and Intelligence

Acquisition Governance Board

D DPAP

D DPAP

Acquisition Innovation Forum

Joint Acquisition E-Business Oversight Board (JAEBOB)
[Defense Procurement &Acquisition Policy (E-Business)*
(DPAP (EB)), Services and Agencies]

Program Executive Office

*Chair

Program Joint Requirements Boards

Service & Agency Portfolios

Defense Acquisition Business Process

Purchase Card CONOPS

Defense Acquisition System Inventory

Acquisition/ Procurement CONOPS

Program Execution

SPS JPMO

PCARD JPMO

CCR JPMO

Etc

Service Programs

# The Acquisition Domain's Roles & Responsibilities

- **Build and maintain Global Information Grid (GIG) compliant architecture products, data strategy, and transition plans that are consistent with Business Enterprise Architecture.**

- **Review domain portfolio and enforce compliance with architecture, data strategy and transition plans.**

- **Develop scorecard metrics.**

- **Review and approve program funding.**

- **Develop legacy system phase-out strategy and prioritization.**

- **Develop domain strategy for new acquisitions.**

- **Select and designate executive agents to plan and implement transformation initiatives within and across the domains.**

Managing the Investments and Determining Solutions Within Our Domain

We are the Catalyst to Integrate People, Process, and Technology

The Defense Procurement Acquisition Policy (DPAP) Relationship with the Acquisition Community Today
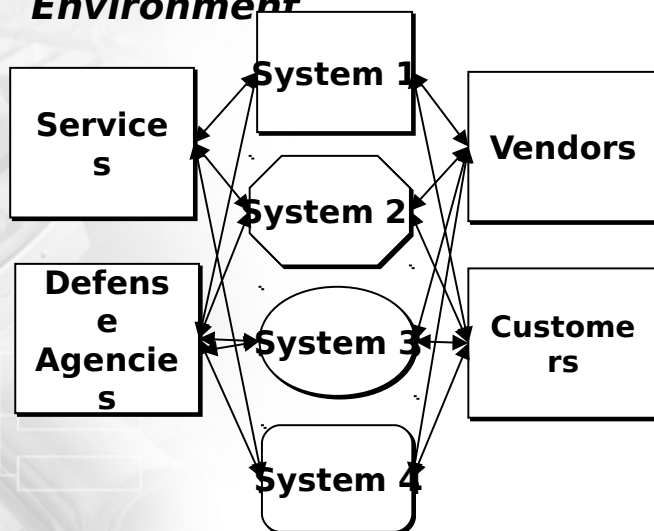
Policy &Regulation

Policy & Regulation

Process

Technology

People

EB
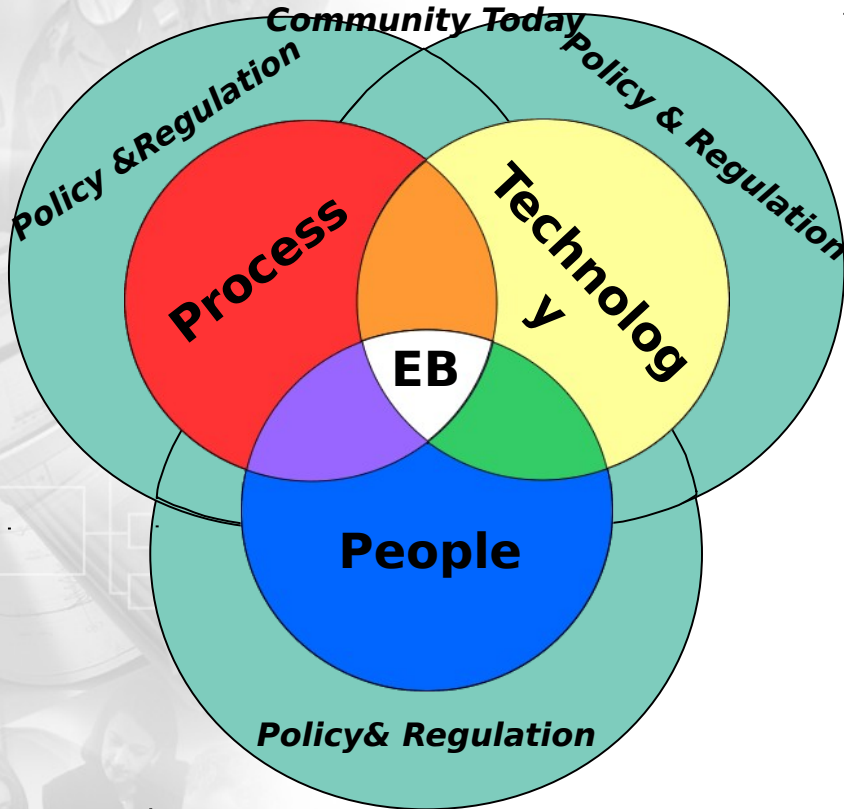
Policy& Regulation

➢ **As DPAP evolves the Acquisition Domain towards the Enterprise Procurement Modernization Environment, E-Business will serve as the integrating function between people, process, and technology**

- ➢ **Acquisition Policy and Regulation will set the strategic direction for the domain**
- ➢ **DAU and Acquisition Workforce & Career Management will ensure the <u>people</u> are trained to be strategic managers**
- ➢ ***DPAP E-Business* will design and implement a modern acquisition environment that is consistent with policy and integrates enterprise <u>technologies</u> with best practice <u>processes</u> for use by trained personnel**
- ➢ **Program Acquisition & Int'l Contracting leverage the integrated business environment and trained personnel to execute DPAP policy and achieve strategic objectives**
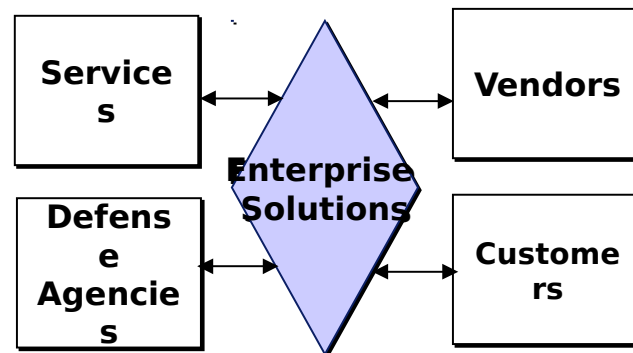
12

We will Evolve the Acquisition Community Toward a Streamlined Set of Enterprise Solutions
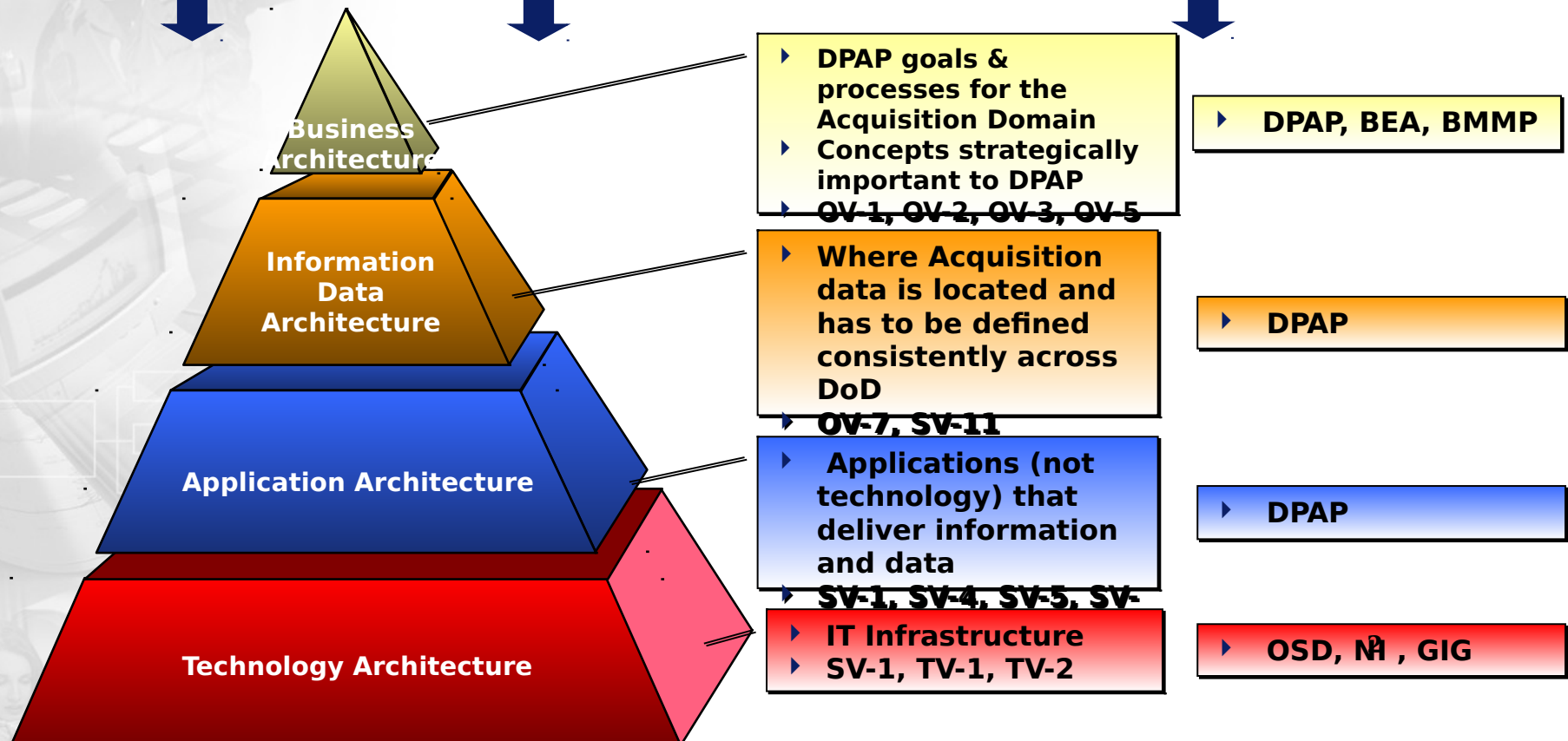

Existing EB Acquisition Environment

Enterprise Procurement Modernization Environment

Services · System 1 · Vendors · System 2 · Defense Agencies · System 3 · Customers · System 4

Transformation

Services · Enterprise Solutions · Vendors · Defense Agencies · Customers

Our Domain Will Use Architecture Views to Further Transformation of Our Environment

Governance, Principles and Standards, EA Processes

Business Architecture
- DPAP goals & processes for the Acquisition Domain
- Concepts strategically important to DPAP
- OV-1, OV-2, OV-3, OV-5

DPAP, BEA, BMMP

Information Data Architecture
- Where Acquisition data is located and has to be defined consistently across DoD
- OV-7, SV-11

DPAP

Application Architecture
- Applications (not technology) that deliver information and data
- SV-1, SV-4, SV-5, SV-

DPAP

Technology Architecture
- IT Infrastructure
- SV-1, TV-1, TV-2

- OSD, NII, GIG

Our Domain Leadership Objectives will be Achieved Through Specific Architecture Related Actions

Leadership Objectives	Actions
Reduce process variability associated with the Acquisition business function	**Implement Industry and Government standard practices**
Create visibility and accessibility to Acquisition data	**Establish enterprise data management workgroup and organize communities of interest to implement the data architecture**
Accelerate acquisition cycle times	**Create enterprise accessible repositories to support a knowledge-based workforce and streamline acquisition business processes**
Improve the ability to do accurate spend/asset analyses	**Integrate Acquisition, Logistics, and Finance systems**
Maximize the number of Acquisition systems used at the enterprise level	**Coordinate IT investment decisions within the governance structure**

- **Introduces new business activities and processes to meet industry/government leading practices**
  - **Sourcing contracts and sourcing agreements**
  - **Centers of Excellence**
- **Provides business rules to facilitate payment "Allows the Bill Payer to Pay the Bill"**
  - **Funding managed at the contract line level**
  - **One line of accounting for each contract line**
  - **Direct link between purchase requisition - contract line - invoice**
  - **Single source input and upfront edits**
  - **Eliminates rework and problem disbursements**
- **Business rules simplify contract administration and closeout**

- **Improved Sourcing strength through Centers of "Excellence" that provide commodity industry expertise to satisfy requirements**
  - Develop strategies targeted for specific commodity and industries
  - Automate procurement and payment solutions
  - Speed procurement solutions
  - Develop supplier relationships
  - Reduced redundancy in managing procedures
  - Improved data quality
  - Create and utilize common skill sets
  - Perform spend analysis and track results

BEA Leading Practices That Enable Acquisition Transformation

- **Manage/Control funding at the transaction level**
  - Allocate funds at a purchase transaction level, not at the contract level
  - Ensure funds obligation is confirmed prior purchase contract creation
  - Improve ability to manage and report funds usage within a large program
  - Reduces manual manipulation, results in ease
- **Minimize process variability**
  - Eliminate / minimize unnecessary variation in policy, procedure
  - Standardization of processes
  - All DoD buyer/seller relationships are acquisition/procurement activities

- **Purchase Card reform**

  – **Increased utilization of technologies that aid in purchase verification and approval**

- **Strategic Sourcing/Centers of Excellence**

  – **Increase industry and commodity specific knowledge, leveraged across service and agency requirements**

  – **Improve contract development process through access to previous and/or existing agreements**

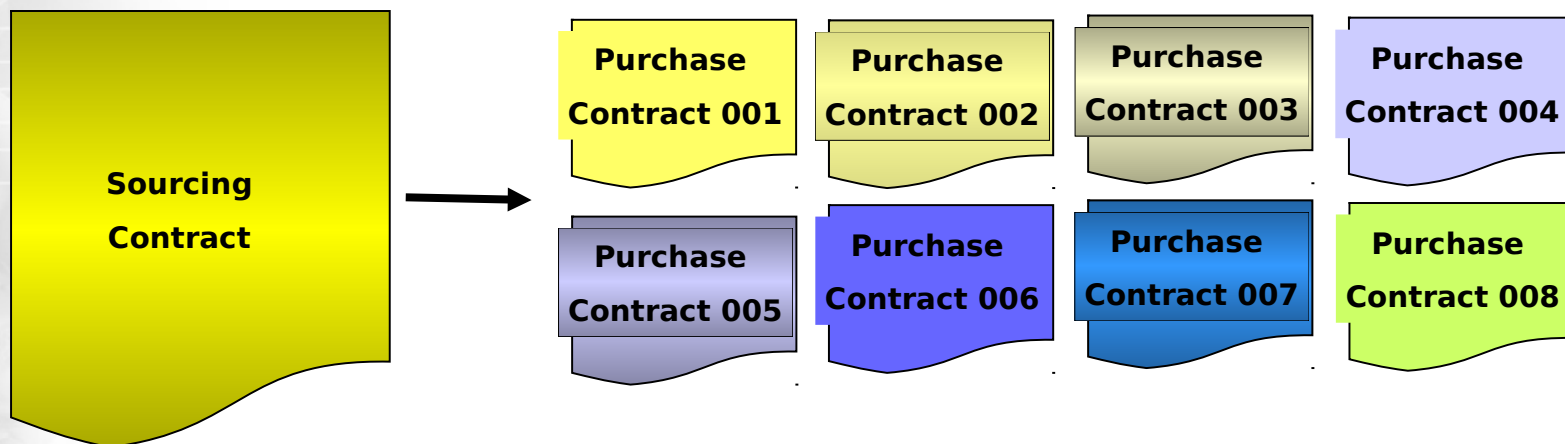 – **Improved purchase aggregation opportunities and standardization of specifications**

Creating a One-to-One Accounting to Contracting Relationship Requires a Enhancements to the Contracting Model

AS-IS

Contract

P0006
P0005
P0004
P0003
P0002
P0001

PCO Contract Mods

A0006
A0005
A0004
A0003
A0002
A0001

ACO Contract Mods

TO-BE

Sourcing Contract

Purchase Contract 001

Purchase Contract 002

Purchase Contract 003

Purchase Contract 004

Purchase Contract 005

Purchase Contract 006

Purchase Contract 007

Purchase Contract 008

20

- **Sourcing Contract / Sourcing Agreements**
  - Contain terms and conditions: performance characteristics, quality and audit procedures, delivery expectations, Federal Acquisition requirements, and other program specific requirements.
  - No funding authorized
  - Performance begins only when the contractor or internal service providers is issued a Purchase Contract

- **Purchase Contract**
  - Authorizes work to be performed and provides funding
  - Directly linked to Sourcing Contract/Agreement
  - May stand alone without Sourcing Contract/Agreement for small dollar procurements

Benefits

- **Streamline the acquisition process using strategic sourcing/centers of excellence**

- **Minimize process variability**

- **Facilitate payment**

- **Simplify contract administration and closeout**

- **Improve visibility and accessibility to acquisition data**

- **Reduce legacy system maintenance costs**

Acquisition Domain Next Steps

- **Comprehensive business process analysis ensuring efficient integration with other functional domains**

- **Architecture development and management at an implementation level**

- **Transition planning**

- **Acquisition and resource planning for new enterprise IT investments**

- **Portfolio management, including system investment reviews**

- **Implementation of Federal Sector initiatives**

Many Will Benefit From This Effort

Within DoD…

- **The Warfighter**
- **Decision-makers**
- **Employees**
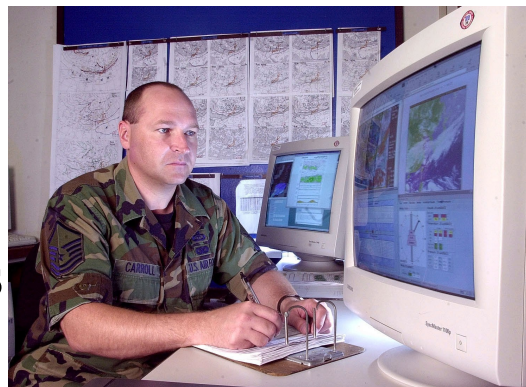
…and beyond

- **Taxpayers**
- **Congress**
- **Homeland Defense Mission**
- **Families of the Warfighter**

Activities Critical to DoD Success

Promote culture towards enterprise standards and practices

Implement Education and Training Plan

Support information flow and engage in two-way communication

Set clear goals and post progress against those goals

Leadership Commitment

Utilize Incentives Program

Share successful business processes and rules, policies, and procedures

Evolve all aspects of the business resources

Maintain, Extend, & Integrate BEA

Maintain & Extend the Repository

Maintain & Update Enterprise Transition Plan

Integrate w/NII – Enterprise Level Services & Standards

BEA Enterprise Integration – Across Domains

The U.S. Military is in a state of transformation, creating the force that is "dominant across the full spectrum of military operations - pervasive in peace, decisive in war, preeminent in any form of conflict."[1] Clearly, national security is reliant on innovation in core combat-related areas. Less obvious and equally as challenging is the importance of innovation in mission essential, non-combat related areas that provide the foundation for military readiness. The Business Management Modernization Program (BMMP) was established to address that challenge.

- **Visit the program website at**

  http://www.dod.mil/comptroller/bmmp/

- **Submit questions and comments from the website or send a message to askfmmp@dfas.mil**

Business Enterprise Architecture
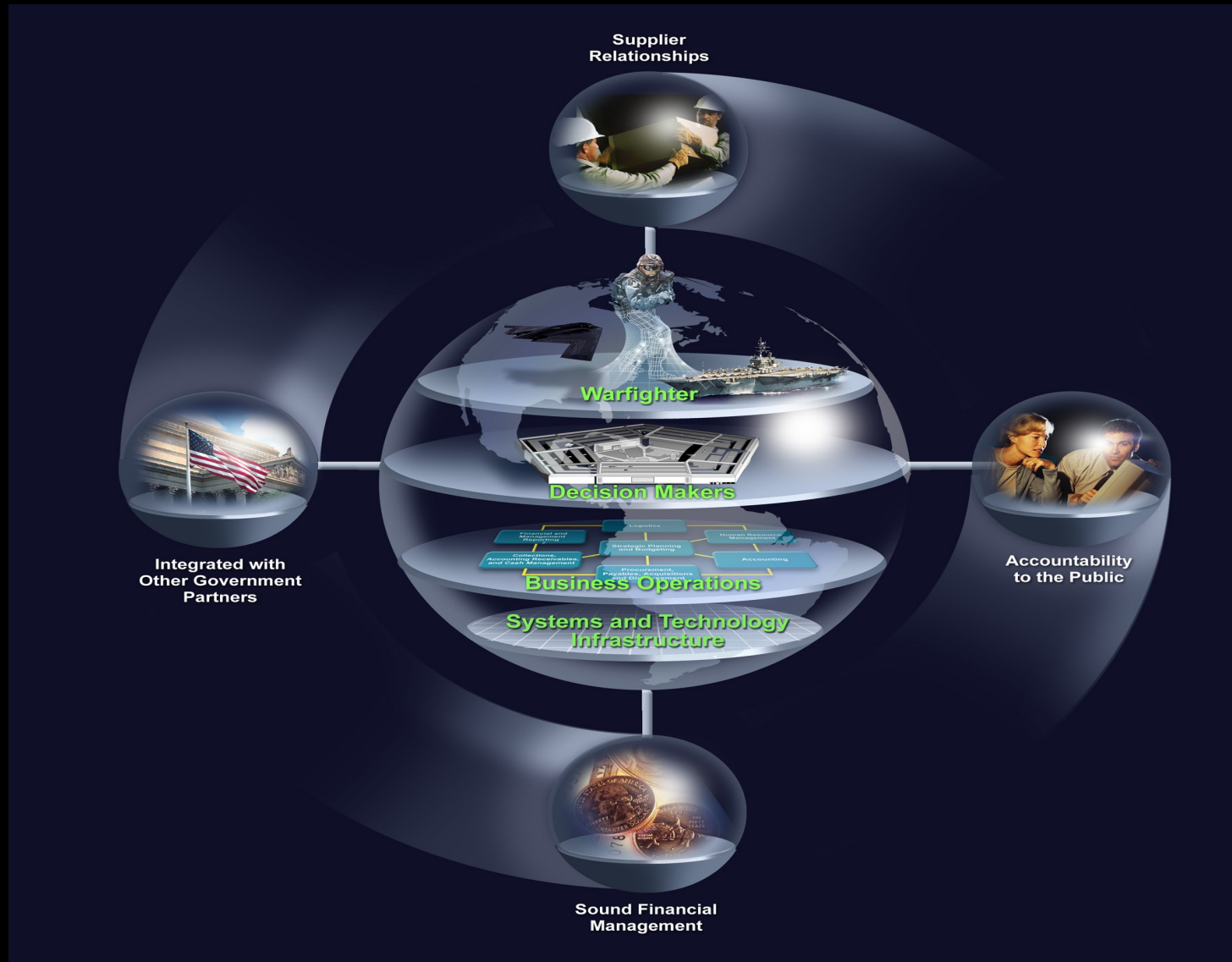
World-Class Business Operations in Support of the